

CLEVELAND PUBLIC LIBRARY
BUSINESS INF. BUR.
CORPORATION FILE



BAYSHORE - 19th / SAN MATEO



BELLFLOWER



CHARTER - HUNTER / STOCKTON



DUTCH VILLAGE / LAKEWOOD



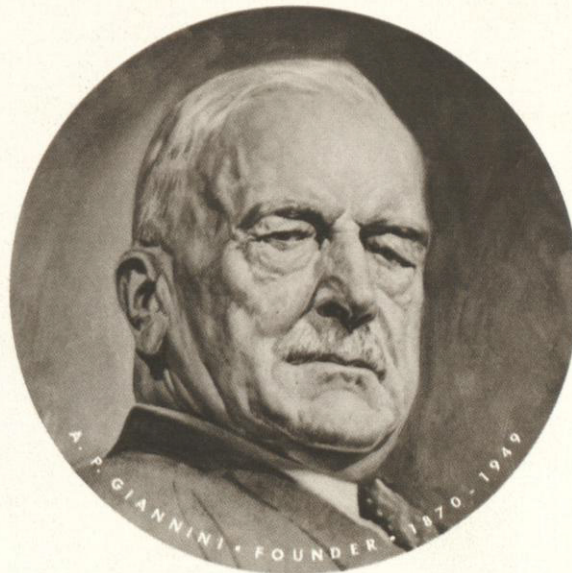
EAST POMONA / POMONA



LAKEWOOD PLAZA / LAKEWOOD



MIDWAY CENTER / EL MONTE



Bank of America

NATIONAL TRUST & SAVINGS ASSOCIATION

Annual Report 1956



LEFT: HEAD OFFICE OF BANK OF AMERICA AT 300 MONTGOMERY STREET, SAN FRANCISCO. **RIGHT:** ENTRANCE TO THE MAIN OFFICE IN LOS ANGELES LOCATED AT 660 SOUTH SPRING STREET. THESE OFFICES ARE CENTERS FOR A UNITED BANKING SYSTEM OF 600 BRANCHES. EACH BANK OF AMERICA BRANCH FUNCTIONS AS AN INTIMATE PART OF THE LOCAL COMMUNITY BUT, IN ADDITION, BRINGS TO ITS CUSTOMERS THE STATEWIDE RESOURCES AND FACILITIES OF THE ENTIRE BANK.





A. P. GIANNINI: "I THINK

WHAT I AM MOST PROUD OF IS ANYTHING I MAY HAVE DONE TO HELP WITH THE HUMANIZATION OF BANKING . . . I DO BUSINESS THAT WAY BECAUSE I BELIEVE BUSINESS CAN BE TRANSACTED MORE QUICKLY AND SATISFACTORILY IF IT IS DONE HUMANLY AND SIMPLY. WHAT IS BUSINESS—THE BANKING BUSINESS OR ANY OTHER KIND OF BUSINESS? ISN'T IT FUNDAMENTALLY THE MUTUAL FULFILLMENT OF MATERIAL HUMAN NEEDS? AND ISN'T THE WHOLE STRUCTURE OF MODERN BUSINESS BASED ON THE TRUST PEOPLE HAVE IN EACH OTHER?"

Highlights of the Year's Operations

Compared with Previous Year

	1956	1955
Operating Earnings	\$ 368,626,079	\$ 332,080,486
Operating Expenses (including applicable taxes and assessments)	\$ 294,659,711	\$ 266,035,624
Net Operating Earnings	\$ 73,966,368	\$ 66,044,862
Per Share	\$ 2.89*	\$ 2.58*
Taxes and Assessments Applicable to Operations	\$ 81,296,852	\$ 72,995,811
Per Share	\$ 3.17*	\$ 2.85*
Dividends Paid	\$ 44,160,000	\$ 42,000,000
AT YEAR-END:		
Shares Outstanding	25,600,000	24,000,000
Capital Funds and Reserve for Possible Loan Losses	\$ 643,448,353	\$ 556,981,869
Deposits	\$ 8,993,240,999	\$ 8,802,506,128
Number of Deposit Accounts (as of November 30)	6,460,405	6,037,663
Loans	\$ 5,353,035,991	\$ 4,727,961,473
Total Resources	\$ 9,991,842,012	\$ 9,669,145,972
Domestic and Overseas Branches . .	612	583

**Based on the 25,600,000 shares outstanding on December 31, 1956.*

Report to our Shareholders for 1956

San Francisco, California

January 15, 1957

IT IS A PLEASURE to again report to you, our shareholders, on the affairs of our Bank at the close of another year of successful operation and continued growth.

Because the banking business is so closely linked to economic conditions, it seems well for us first to review briefly the general business and economic activities which typified 1956.

The upward movement of business which made 1955 a record year continued through 1956 even though the pattern was somewhat changed. Home building and automobile production and sales, which played such an important role in 1955, declined in 1956. The steel strike, which virtually closed down that industry, for a time appeared likely to have far-reaching effects on the economy. While some forms of steel are still in short supply, the effects of the strike were minimized because inventories were fairly heavy before it began and there has been near capacity production since it ended.

Other areas of the economy displayed vigorous strength. Particularly important were the substantially heavier expenditures for new plant, equipment, and other non-residential construction. Agricultural conditions showed improvement. Governmental expenditures were expanded. There was a strong demand for consumer goods resulting in a high level of retail sales. The net result was the most prosperous year in history.

These increases in spending resulted in a very heavy demand for funds and the monetary authorities, seeking to ward off the possibilities of uncontrollable inflation, continued to maintain a tight rein on the money

supply. While the control measures did not completely prevent some rise in prices, they were reasonably successful. Borrowing was made more expensive and credit terms were tightened. Nevertheless, legitimate credit needs of business and of individuals were met, while speculative borrowing was curtailed.

In the West, the accelerated growth of population, production and income, which has been so typical of the post-war years, continued in 1956. California's population increased about 600,000 for the year, and for June 30 the total was estimated at 13,600,000. With some 5,500,000 people employed, unemployment was virtually non-existent. Wages and salaries continued their upward climb.

Although California residential construction declined from last year, this reduction was more than offset by substantial increases in non-residential building. It appears that when final figures are available total construction expenditures for the year once again will have established an all-time record.

Almost every other phase of California's economy shared in the general prosperity. Agriculture, which still provides employment for almost 9% of our working population, was no exception. For the third consecutive year California's farm cash receipts showed an increase over the preceding year. In spite of the urbanization which is taking place, this State continued to lead the nation in the amount of income derived from its farms.

World economic conditions during most of the year were generally favorable despite the serious unrest, bloodshed and suffering which marked the latter half of the year, and the disruption of normal trade channels brought about by the closing of the Suez Canal.

Against this economic background, the affairs of your Bank were conducted success-

fully and profitably. We found enlarged opportunities for service in California and elsewhere, and we continued our efforts to provide banking facilities of a truly constructive nature. In this, we continue to be guided by the far-sighted policies which were so firmly established in the early days of our history.

Operating Profit Increases

Our net operating earnings showed a very satisfactory increase over 1955. While interest and dividends on securities declined, income from loans was up substantially. In common with the general experience of business, expenses continued to move upward despite the close controls which were maintained. The major increases were in the salary classification and in taxes.

Demand for employees in California continues to exceed supply. This has raised salary levels generally, including those paid by the Bank. There has also been an increase in the number of our staff necessitated by the new branches opened and the increased volume of business.

Taxes and assessments applicable to operations at \$81,296,852 are up \$8,301,041 over 1955 reflecting the taxes on the higher earnings, Federal Deposit Insurance assessments on the increased deposits, and heavier local taxes on premises owned. On a per share basis these taxes and assessments amounted to \$3.17. The comparable figure for 1955 was \$2.85 calculated on the number of shares outstanding at the end of 1956.

Net Operating Earnings for the year were \$73,966,368 after applicable taxes and assessments, compared with \$66,044,862 in 1955.

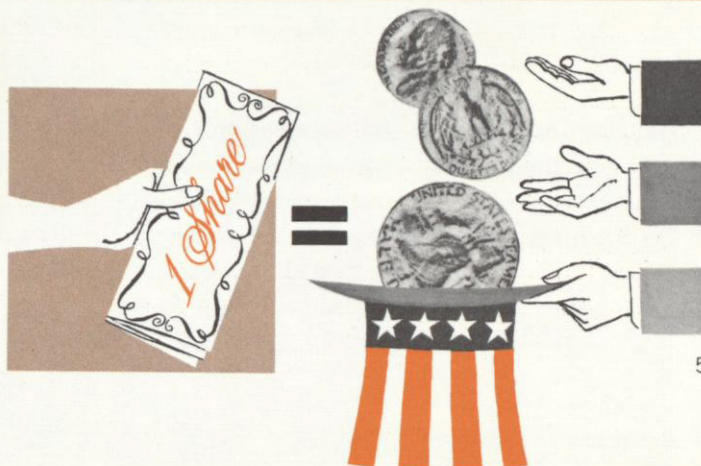
In calculating net operating earnings on a per share basis, it must be kept in mind that there were 25,600,000 shares outstanding at the end of the year, and only 24,000,000 at

Comparative Summary of Earnings

Operating Earnings:	1956	1955
Interest on loans	\$255,237,928	\$214,002,334
Interest and dividends on securities, after amortization of premiums .	56,076,399	60,976,639
Commissions, fees and other income	57,311,752	57,101,513
	<u>\$368,626,079</u>	<u>\$332,080,486</u>
Operating Expenses:		
Interest paid	\$ 73,306,023	\$ 69,127,755
Salaries (including employees' bonus and participation in profit-shar- ing plan) *	96,374,655	87,400,573
Provision for taxes and assess- ments applicable to operations .	81,296,852	72,995,811
Other operating expenses	43,682,181	36,511,485
	<u>294,659,711</u>	<u>266,035,624</u>
Net Operating Earnings	\$ 73,966,368	\$ 66,044,862
Profit (or loss) on securities transactions (after Federal tax)	(1,358,939)	474,846
	<u>\$ 72,607,429</u>	<u>\$ 66,519,708</u>
Transfer to Reserve for Possible Loan Losses	\$ 12,500,000	\$ 10,000,000
Tax saving resulting from reserve transfer	5,915,000	4,732,000
	<u>6,585,000</u>	<u>5,268,000</u>
	<u>\$ 66,022,429</u>	<u>\$ 61,251,708</u>
Dividends paid	44,160,000	42,000,000
Addition to Capital Funds	<u>\$ 21,862,429</u>	<u>\$ 19,251,708</u>

*Employees' bonus and participation in profit-sharing plan amounted to \$6,398,817 in 1956 and \$7,419,765 in 1955.

TAXES AND ASSESSMENTS APPLICABLE TO OPERATIONS WERE THE EQUIVALENT OF ABOUT \$3.17 FOR EACH OUTSTANDING SHARE OF THE BANK'S STOCK.



the previous year-end. On the basis of the shares actually outstanding, the operating earnings per share for the two years were \$2.89 for 1956 and \$2.75 for 1955. However, if the 1955 calculation were made on the basis of the larger number of shares, then the figure for that year would be \$2.58 against this year's \$2.89.

In view of the heavy demand for credit and the continued firming of interest rates, it was deemed advisable during the year to reduce our holdings of securities. This program resulted in a loss of \$1,358,939 after giving effect to the accompanying reduction in taxes. However, the funds obtained were re-invested at a substantially higher return which more than offset the loss and is reflected in our improved operating earnings. We have also placed ourselves in a position to continue to enjoy higher earnings on these funds in the period ahead.

Once again we have added to our Reserve for Possible Loan Losses. Since such transfers can be taken as a deduction for income tax purposes, the \$12,500,000 transferred to this reserve actually resulted in a net charge to earnings of only \$6,585,000. At the year-end, the balance in this reserve amounted to \$80,581,352 which is a significant addition to the protection afforded by our capital accounts.

After giving effect to the various entries, and paying cash dividends of \$44,160,000, the sum of \$21,862,429 was added to Capital Funds from profits.

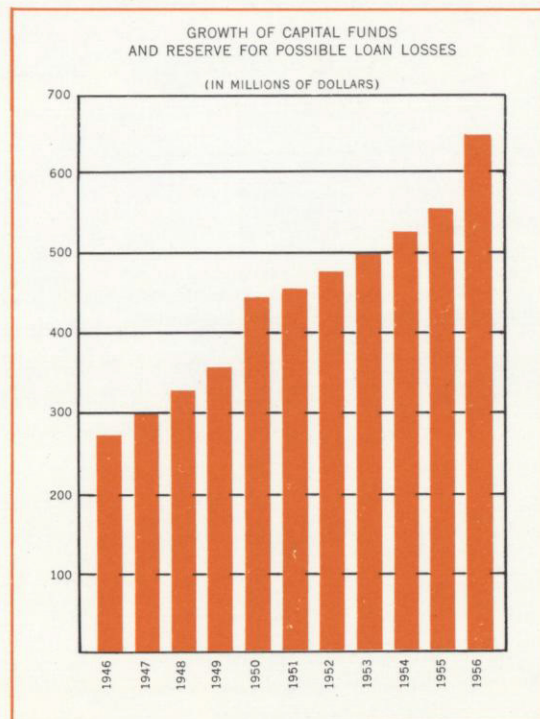
Capital Augmented

During the past year, following approval by the shareholders, the Capital of the Bank was increased by the issuance of an additional 1,600,000 shares, bringing total shares outstanding to 25,600,000. The new shares were offered to shareholders of record on March 6,

1956, at \$35.00 per share, on the basis of one new share for each fifteen owned. Subscriptions were received for over 95 % of the new shares which left a minimum number to be taken up by the underwriters.

Proceeds from the sale of the new shares, after expenses, totaled \$55,156,176. Of this amount, \$10,000,000 was credited to Capital, and the remainder added to Surplus. In addition, \$44,843,824 was transferred from Undivided Profits to the Surplus account, bringing that account to its present balance of \$290,000,000.

After giving effect to the increase in Capital Funds brought about by the sale of the new shares, and to the amount carried forward from current earnings, the capital accounts at the year-end aggregated \$562,867,000, which is \$77,018,604 more than the \$485,848,396 balance in these accounts at the end of 1955. Capital Funds and Reserve for Possible Loan Losses combined were \$643,448,353 at December 31, representing an in-



crease of \$86,466,484 from the previous year-end. These funds are almost two and one-half times what they were ten years ago.

Dividend Raised

Following the increase in the Bank's Capital, your management and Board of Directors decided that conditions justified payment of a larger cash dividend. Consequently, beginning with the dividend paid on May 31, 1956, the quarterly rate was increased from 40 to 45 cents per share, placing the stock on an annual rate of \$1.80. Dividends paid in 1956 totaled \$44,160,000 against a total in 1955 of \$42,000,000.

Deposit Growth Continues

While deposits were at a generally higher level throughout 1956, increases were more modest than we have experienced in recent years. This was to be expected in view of the tight money situation which prevailed under the control measures being exercised by national monetary and credit authorities.

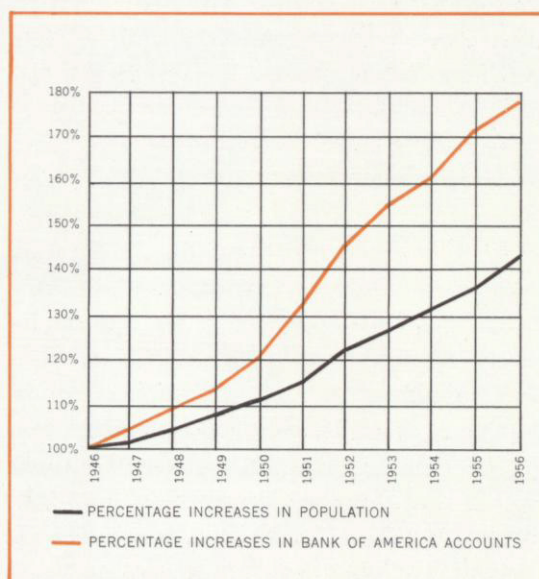
Deposit totals at the year-end were \$8,993,240,999, which represents an increase of some \$190,734,871 over December 31, 1955.

Number of deposit accounts continued to show a healthy growth. Checking accounts increased about 120,000 to a November 30 figure of 2,210,440. Time and Savings accounts increased some 300,000 to a new high of 4,250,000. In the savings category, interest to be paid for the ensuing period will be at the rate of 3% per annum instead of the 2% previously paid. This will represent the prevailing rate for California banks.

From the earliest days of our Bank's existence it has been our consistent policy to

make our services available to the great majority of people and businesses. It was largely for this reason that we became a branch banking institution, for branches enabled us to bring our services to convenient locations and make the Bank an integral part of community life. The almost 6,500,000 deposit accounts of all kinds which were on our books at the end of November 1956 are indicative of the effectiveness of this policy.

The increase in number of accounts is, of course, one way of measuring the success of our operations and the continuing appeal of our kind of banking. It is significant that our growth as measured in number of accounts has more than kept pace with the great climb in population which California continues to experience. Ten years ago, for example, this Bank had 378 deposit accounts for every 1000 residents of California. In 1956, based on current population estimates, we carried 475 deposit accounts for every 1000. The chart below illustrates the rate of growth of Bank of America's deposit accounts, and of California's population during the past decade.





NEARLY 6,000 SENIOR STUDENTS OF CALIFORNIA HIGH SCHOOLS RECEIVED RECOGNITION FROM THE BANK OF AMERICA ACHIEVEMENT AWARD PROGRAM FOR EXCELLENCE IN SCHOLARSHIP, CITIZENSHIP, AND LEADERSHIP.

Heavy Demand for Loans

The general prosperity of 1956 created unprecedented demands for credit. At the same time stringent monetary controls were continued as the Federal Reserve Board and other agencies sought to restrain the pressures leading toward inflation.

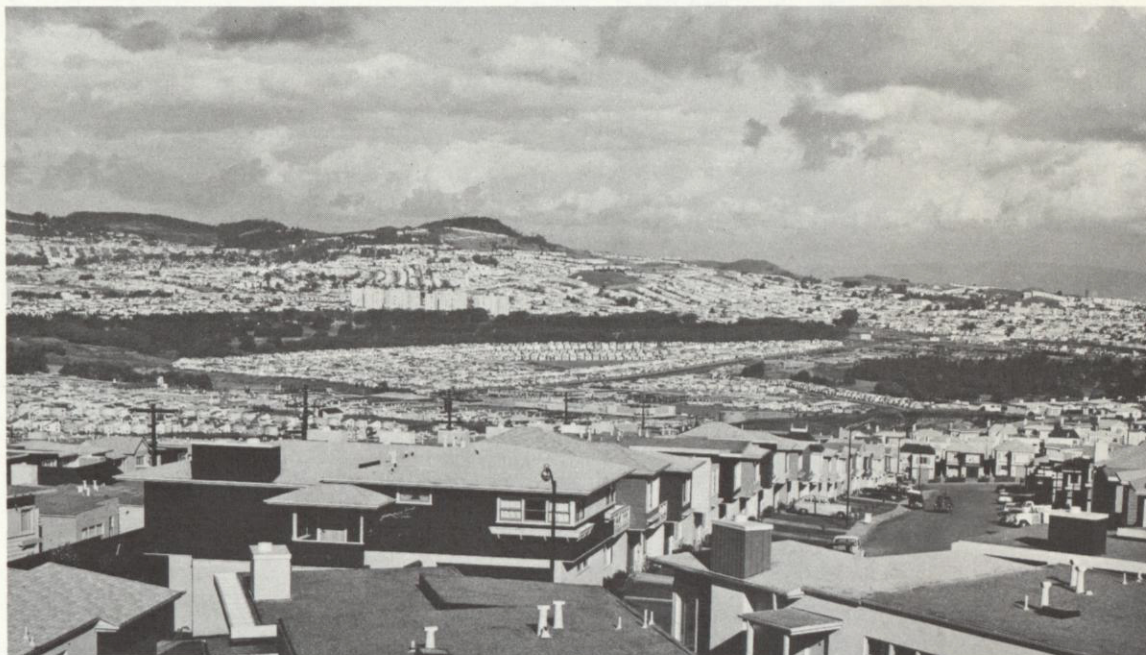
In the growing economy of California we have always recognized our great responsibility to make credit available on a broad basis to all credit-worthy applicants seeking loans for sound purposes. That philosophy governed our extension of credit in 1956. Good banking practice, of course, requires that loans be well diversified and bear a reasonable relationship to deposit liabilities. Within that framework we were able to take care of the normal credit requirements of our customers.

Total Loans and Discounts once again have reached a new high and stood at \$5,353,035,991 at the year-end. As the year progressed, loan volume moved steadily upward until, on December 31, outstandings were up \$625,074,518 from the same date in 1955.

Commercial Loans, which consist largely of short-term advances to business, industry and agriculture, at the end of 1956 exceeded the previous year-end figure by about 17%. This was a reflection of the continuing high level of business activity during the year. Total loans in this category reached \$1,957,981,000 on December 31 for a gain of \$279,420,000. This increase almost equals the gain recorded in 1955. In addition, interest income was further increased due to the strengthening of interest rates.

Real Estate Loans. Although home building activity in the State was at a substantially lower level in 1956 than in the previous year, non-residential construction was considerably greater and there was a strong and continuous demand for real estate financing. Practically all of our real estate loans are on a monthly instalment basis and therefore furnish a substantial supply of funds to meet current demands for credit. This was of great assistance during the past year, and helped make it possible for us to grant some 78,000 real estate loans totaling roughly \$825,000,000. Total loans in this category at the year-end were \$2,261,284,000 compared with \$1,987,215,000 at the end of the preceding year, or an increase of \$274,069,000 in outstandings. Pay-offs during the year approximated \$550,000,000.

Real estate loans guaranteed or insured by agencies of the United States Government continue at about 61% of the total.



IN THE PAST TEN YEARS OVER 1,700,000 HOUSING UNITS HAVE BEEN BUILT IN CALIFORNIA TO MEET THE NEEDS OF OUR GROWING POPULATION. IN THIS PERIOD BANK OF AMERICA'S SUBSTANTIAL SAVINGS DEPOSITS HAVE ENABLED US TO GRANT ALMOST \$5 BILLION IN REAL ESTATE LOANS.

Timeplan Loans. This section of our loan portfolio consists of more than 2,225,000 individual loans. They are made for the purpose of financing the purchase of automobiles, trucks, and household appliances; for modernization of homes; for the purchase of farm and other forms of heavy equipment; and for so-called "flooring" of dealers' inventories. They also include "Personal Loans" to individuals and loans on accounts receivable.

Largely because of the lower volume of automobile sales during the year, increases in this classification were less than in 1955. At the year-end, the total outstanding was \$1,133,771,000 which represents a gain for the year of \$42,088,000. Borrowers repaid almost \$2,800,000,000 on these loans in the twelve-month period and some 2,250,000 loans for over \$2,850,000,000 were made. The delinquency and loss ratios continued to be highly satisfactory.

Portfolio Liquidity Maintained

To meet the strong, persistent demand for credit, our investment in securities was reduced during the year. At December 31, the portfolio stood at \$2,518,301,682 compared with \$2,984,567,789 at the end of 1955. This reduction, plus other adjustments in our holdings, resulted in a loss, after taxes, of \$1,358,939. This amount is less than 3/10 of 1% of the \$466,266,107 by which the portfolio was reduced, despite the lower bond prices which prevailed. Furthermore, the loss was more than offset by the higher interest return received from reinvestment of the funds obtained.

Income from securities totaled \$56,076,399 for the twelve-month period compared with \$60,976,639 in the previous year. Even though a substantial portion of the reduction

Bank of
NATIONAL TRUST

Statement of Condition

(Figures of Overseas Branches)

RESOURCES

Cash and due from banks	\$1,718,256,449.87
United States Government securities and securities guaranteed by the Government . . .	\$1,770,054,622.81
Federal agency securities	36,514,528.04
State, county, and municipal securities	602,128,591.20
Other securities	96,103,940.31
Stock in Federal Reserve Bank	13,500,000.00
TOTAL SECURITIES	2,518,301,682.36
Loans guaranteed or insured by the United States Government or its agencies	1,431,492,136.64
Other loans to customers for use in their businesses, for building, buying, or modernizing their homes, for financing automobile or household equipment purchases, etc.	3,921,543,854.55
Interest due on bonds and loans, and accounts receivable	60,836,019.58
Customers' liability under letters of credit and acceptances	240,717,554.62
Bank buildings, furniture, fixtures, and safe deposit vaults, carried at cost less depreciation reserve of \$37,654,598.18	98,352,466.57
Other real estate owned. Unoccupied bank premises, and real estate acquired in the settlement of debt, carried at less than cost or at appraised value	1,207,366.74
Other resources, deferred charges, etc.	1,134,480.77
TOTAL RESOURCES	\$9,991,842,011.70

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CONDENSED STATEMENT OF C

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RESOURCES

Cash and due from banks	\$135,427,260.86
United States Government obligations, direct and fully guaranteed . . .	21,049,000.00
Other securities	3,857,312.85
Loans and discounts	105,103,392.59
Accrued interest	491,058.36
Customers' liability under Letters of Credit and Acceptances	178,555,948.66
Other resources	3,918,794.90
TOTAL RESOURCES	\$448,402,768.22

DE SERVICE
America
AND ASSOCIATION

December 31, 1956

are as of December 24, 1956)

LIABILITIES

Capital. Representing the investment of over 200,000 stockholders of record	\$ 160,000,000.00
Surplus. Paid in by stockholders or accumulated from earnings	290,000,000.00
Undivided profits. Profits accumulated and not distributed	107,028,048.76
Reserves. Set aside out of accumulated profits by the Board of Directors, available as a reserve, in addition to Surplus and Undivided Profits, against normal contingencies	5,838,952.10
TOTAL CAPITAL FUNDS	\$ 562,867,000.86
Reserve for possible loan losses. To apply against any loan losses that may develop in the future; it has not been allocated to any particular loans or type of loans	80,581,352.98
Demand deposits. Funds placed with the bank by individuals, corporations, firms, banks, United States Government, State of California and political subdivisions thereof	\$4,677,014,617.52
Savings and time deposits. Funds placed with the bank in savings accounts or for extended periods of time by individuals, corporations, firms, banks, United States Government, State of California and political subdivisions thereof	4,316,226,381.78
TOTAL DEPOSITS	8,993,240,999.30
Liability for letters of credit and acceptances	242,387,523.06
Reserve for interest received in advance	58,216,942.01
Reserve for interest payable on time deposits and for taxes and other expenses	54,548,193.49
TOTAL LIABILITIES	\$9,991,842,011.70

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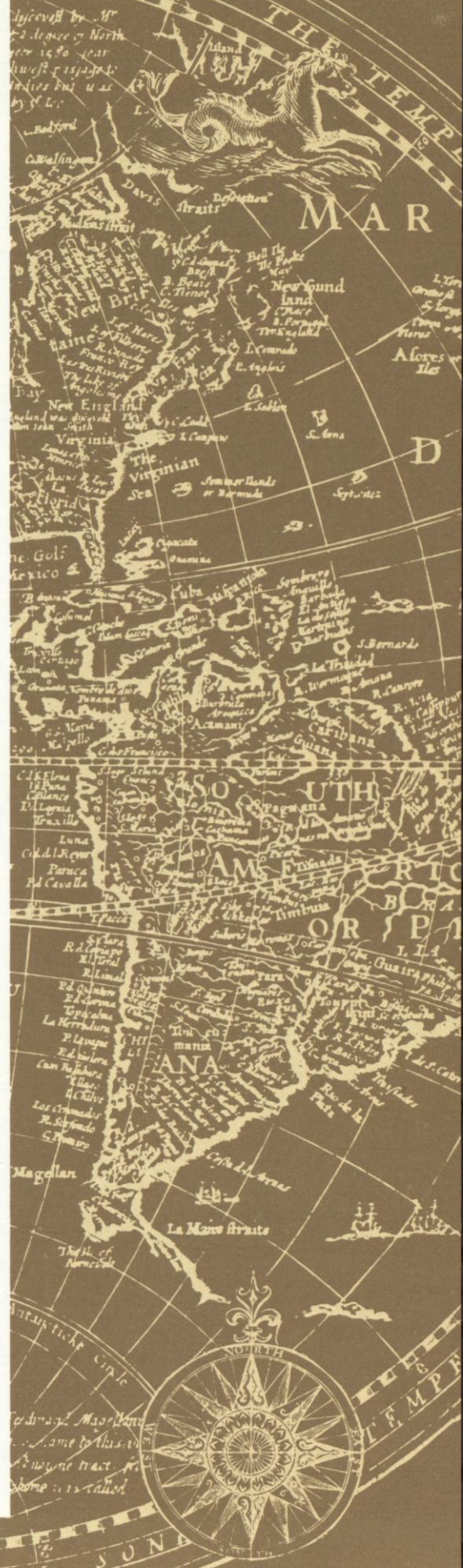
ed subsidiary

CONDITION DECEMBER 31, 1956

of December 24, 1956)

LIABILITIES

Capital	\$ 13,000,000.00
Surplus	6,000,000.00
Undivided profits	951,705.45
TOTAL CAPITAL FUNDS	\$ 19,951,705.45
Reserve for possible loan losses	1,635,281.96
Deposits	245,267,430.17
Liability for letters of credit and acceptances	179,242,636.49
Reserve for interest received in advance	528,605.71
Reserve for interest, taxes, etc.	1,777,108.44
TOTAL LIABILITIES	\$448,402,768.22



in our portfolio took place in the early months of the year, higher interest rates tended to offset the reduced investment.

Average length of maturity in the United States Government and Government guaranteed portion of the portfolio showed some reduction in the year, and at the year-end averaged 4 years compared with 4 years and 5 months a year ago.* Of this section of the portfolio \$1,401,174,150 par value, or 79% matures within five years, 24% within one year, and 95% within ten years.

Our active interest in maintaining a market for the securities of this State and its political subdivisions was continued. In fact a separate municipal bond department was organized during the year in order that we might improve our ability to serve in this field. The results of the new organization have been very satisfactory, for even though the market was far less receptive to new issues of this general character, syndicates headed by this Bank successfully bid on 272 of the 618 issues offered and purchased approximately \$232,500,000 of the \$534,300,000 which came on the market. Thus we have again been able to be of major service to this State and its political subdivisions as they endeavor to keep facilities abreast of the needs of our constantly rising population.

Trust Department has Excellent Year

The year just closed saw new records established in the operations of our Trust Department. Volume of trust business, gross income, and net profits from the operation reached all-time highs. New estates and trust accounts received, and number of wills in which the Bank was named as executor or as trustee, exceeded the figures of any pre-

*To final maturity.

vious year. As a measure of the progress of this important part of our institution, it is interesting to observe that the value of trust assets being administered has increased by more than 100% in the past five years. To serve this increased volume, additional space has been required at various locations including our Trust Department quarters at 300 Montgomery Street in San Francisco which were enlarged and modernized during the year.

One rapidly growing segment of the department's operation is in the field of employee benefit services and particularly the handling of pension and profit-sharing funds under a trustee arrangement. Funding retirement plans in this manner is becoming increasingly popular because it offers some very definite advantages over some of the older methods which previously dominated this field.

To assure the fullest advantage of the trustee plan, our Bank during the past year introduced a new "Investment Fund for Retirement Plans" which was the first of its kind to be offered in the West. Briefly, this is a plan which provides for employee pension



IN 1956 THE BANK INTRODUCED A NEW SERVICE FOR EMPLOYERS WHICH OFFERS INVESTMENT DIVERSIFICATION AND OTHER ADVANTAGES FOR RETIREMENT PLANS THROUGH A COLLECTIVE INVESTMENT ARRANGEMENT.

and profit-sharing plans the well-known advantages of the Common Trust Fund, under which funds of many trusts are co-mingled to obtain maximum diversification and attractive yield. It also makes possible the division of such funds into two parts, one consisting of fixed income investments and the other of common stocks. The allocation of funds into these two types of investment may be made in such proportion as will best suit the requirements and purposes of any single plan.

The Corporate Trust section which serves corporations in California and throughout the nation as Transfer Agent, Trustee, Paying Agent, and in similar capacities, also experienced the best year in its history. To the corporations of the nation which now utilize our services in this field, several new names of national prominence were added during the year.

Our Diversified Common Trust Fund, which is in its ninth year of operation, continues to grow and now has assets in excess of \$50,000,000. Over 2000 trusts and guardianships now participate in the Fund.

The public is becoming increasingly aware of the benefits to be derived from the skilled assistance of a corporate fiduciary and that our Trust Department is highly qualified to provide experienced management of property and investments. The recommendations of our customers and stockholders continue to be invaluable to the growth of this department, and we are most appreciative.

International Banking Shows Progress

Our international banking activities also recorded substantial progress during 1956. The important role which the United States

now plays in world affairs, our growing imports and exports, and the leadership of our currency in world markets have brought with them opportunity and responsibility for the American banking system.

The greatly increased volume of our international banking transactions during 1956 clearly displayed the generally healthy condition of foreign trade in the Free World and the extent to which the Bank's specialized services in the international field have gained acceptance. Deposits, loans including letters of credit, and foreign exchange transactions all were substantially higher than in the previous year, as were our sales of Bank of America Travelers Cheques. The latter are now sold by over 8000 sellers in every state of the Union and in major cities throughout the world, as well as by our own branches.

In addition to our direct services to American industry, to major foreign industrial concerns, foreign banks and governments, we continued our close cooperation with the Export-Import Bank, the International Cooperation Administration and the Commodity Credit Corporation in connection with their loans and grants to foreign nations. We also continued and expanded our program of participating in loans extended by the International Bank for Reconstruction and Development.

No new overseas branches were established by the Bank in 1956, although two new facilities to serve our armed forces abroad were opened in Korea at Osan-Ni and Seoul.

As planned last year, Bank of America (International), our wholly-owned subsidiary which is also engaged in international banking, opened a branch in Beirut, Lebanon. While the Middle East unrest has retarded the growth of this unit to some extent, nevertheless it has made reasonably good progress in the few months of its operation.

As will be seen from the Statement of Condition on pages 10 and 11 of this report, Bank of America (International) has shown substantial growth with total resources at the year-end of \$448,402,768 compared with \$234,056,980 at the end of 1955. After taxes, Net Operating Earnings for the year were \$1,321,554, all of which was added to Capital Funds and Reserves. The comparable figure for 1955 was \$912,585.

Over 600 California Branches

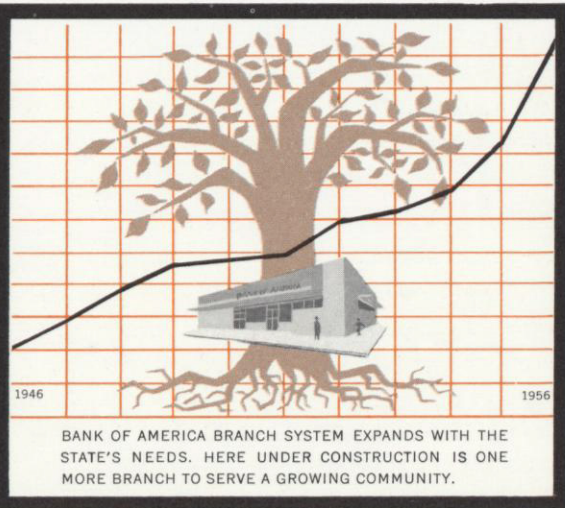
In keeping with the needs of California's growing communities, and to provide relief for some of our branches where volume of business has grown to a point where the quarters are inadequate, 30 new branches were opened for business in 1956. On December 19, 1956 the 600th California branch was opened at 19th Avenue and Bayshore in San Mateo.

The need for these new units may be demonstrated by the fact that, in the United States as a whole, there is one banking office



A POPULAR NEIGHBORHOOD BRANCH.

for every 7,561 of population. In California, however, there is one banking office for every 9,438 of the population. When the rapid growth of this State is taken into consideration, it is very evident that additional banking facilities must be provided. We therefore are continuing to request permits from the banking authorities for those areas which



our studies indicate can support and are entitled to banking service.

The adequacy of branch premises in some locations is still having our close attention. Therefore, our program of enlargement and remodeling of branch quarters is being continued, and 22 such projects were completed during the year. New quarters were built for 49 branches. These include newly established offices as well as those which were relocated.

Quarters of our 42nd and El Cajon Branch in San Diego were razed by fire one night in November while the Bank was closed. Disruption of service was minimized, for at 10:00 o'clock the next morning six tellers' windows were ready to serve the public in a nearby vacant house. Complete service was available two days later in a prefabricated building which was moved to the branch's parking lot over the weekend. Important records and documents were unharmed since they were protected by the massive vault. The loss was adequately covered by insurance and reserves carried for this purpose.

Shareholders' Accounts Increase

The number of our shareholder accounts increased by over 7000 during 1956 and is now well in excess of 200,000. This expansion reflects the active interest in our stock by the investing public. Considerable growth has also taken place in the holdings of institutional investors.

During the past year we have been impressed again with the amount of new business directed to our Bank by our shareholders. We are very appreciative and take this means to express our thanks for this assistance. We also extend a cordial invitation to those shareholders who are in a position to do business with our institution to



OVER 200,000 SHAREHOLDERS LIVING IN EVERY STATE OF THE UNION AND ABROAD ARE THE OWNERS OF BANK OF AMERICA. THOUSANDS OF THEM ARE ALSO VALUED CUSTOMERS OF THE BANK, THUS HELPING TO CREATE THE EARNINGS WHICH THEY SHARE.

avail themselves of our many services, and to encourage their friends and associates to do so. Since our Bank's profits come largely from the effective utilization of funds placed on deposit with us, our interest in increasing our deposit totals is a continuing one. And this is an area in which shareholders can be helpful.

Another way in which our shareholders have consistently cooperated is in the matter of executing and returning proxies for our shareholders' meetings. At the last meeting over 83% of the shares and nearly 75% of the shareholders were represented. This is a real tribute to the active interest which our "owners" maintain in the bank and we appreciate this evidence of confidence.

The Bankamerican Family

Because we are a service organization, the success of our operations depends upon the men and women who comprise our staff. To our many customers in California and elsewhere, these thousands of Bankamericans, in a very real sense, are the Bank. They are the ones who make our services available to the public in their day by day contacts at the tellers' windows and the officers' platforms. It is for this reason that we constantly emphasize the importance of Service and Courtesy. We recognize that the quality of our service and the friendly courteous way in which it is extended determine to a very large extent how our institution shall prosper. Naturally, we do not claim to have reached perfection in these matters. Nevertheless, in the past year, we believe that we have again made progress. We take this opportunity to thank our fellow officers and employes for their fine teamwork and devotion to duty which have added materially to the number of customers which this Bank is privileged to serve, and to the general success of the year's operations.

Among the Bankamericans who reached retirement age during the past year was Marsden S. Blois, Executive Vice-President, Loans and Investments, and a member of our Managing Committee and Advisory Council

to the Board. Mr. Blois, who had completed nearly 37 years of valued service to the Bank, will remain on the Advisory Council and therefore we shall continue to enjoy the benefit of his extensive experience.

Preparing for the Future

One of the great problems of business today, including the banking business, is the continuing need for promising young people who have the capacity to develop into positions of business leadership. Your Bank carefully analyzes what its officer requirements will be in the years ahead, what vacancies are likely to occur through death and retirement, and what effective candidates are, and will be, available.

We are intensifying our various training programs and our encouragement of the splendid educational work of the American Institute of Banking in which nearly 25% of our total staff took courses last year. We have established a Training Committee of senior officers of the Bank. This committee is charged with the responsibility of constantly reviewing our special training programs, evaluating their effectiveness, and suggesting new programs and improvements in those now being conducted.

Under an arrangement made by your Bank with the University of California Extension Service, an intensive two-week course on farming theory and practice was held for some thirty of our managers and lending officers from branches in the agricultural areas of the State. The course was conducted at the university's agricultural campus at Davis, and was designed to give our men a broader understanding of the problems of the California farmer. A similar course is planned for 1957.



BANKAMERICANS ON THE DAVIS CAMPUS, UNIVERSITY OF CALIFORNIA

Our special, full-time training programs, which are organized to help present staff members assume greater responsibility and to expedite the training of outstanding young men for official positions, have been expanded considerably. At the end of the year, some 335 employees were enrolled in these programs on a full-time basis.

Board and Advisory Council Changes

We were saddened during the year by the deaths of three of our old associates on the Board of Directors and Advisory Council.

Mr. Alfred J. Lundberg passed away on June 14, Mr. George J. Panario on July 21, and Mr. Henry S. McKee on November 19. Also during the year, Mr. Angelo Petri who had been a director since 1932 found it necessary to resign for reasons of health. The support, interest and sound counsel of these men are greatly missed. The vacancies on the Board were filled by the appointment of Mr. Prentis C. Hale and Mr. Louis A. Petri.

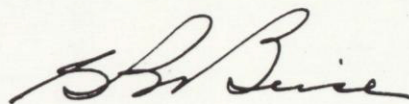
We take this occasion to express our sincere thanks to the members of our Board of Directors, Advisory Council and Branch Advisory Boards for their continued support and for the time and energy they have devoted to the Bank's affairs.

Prospects for 1957

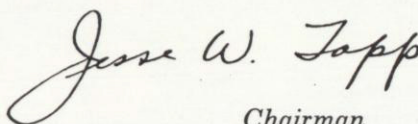
As we consider the year ahead, it seems generally agreed that the outlook for business is good barring further deterioration of the international situation. Rising personal incomes give promise of further expansion of the market for consumer goods. Business, however, will find it necessary to give close attention to rising costs which may be difficult to pass on to the consumer. These together with intensified competition are likely to reduce margins of profit. Continued growth and prosperity nevertheless appear to be in prospect for the nation's economy. The heavy

demand for credit should continue for some months to come. This will provide adequate opportunity for us to invest available funds profitably and to maintain earning assets at a high level. It would appear, therefore, that for our Bank, the prospects for 1957 are favorable and may be viewed with confidence.

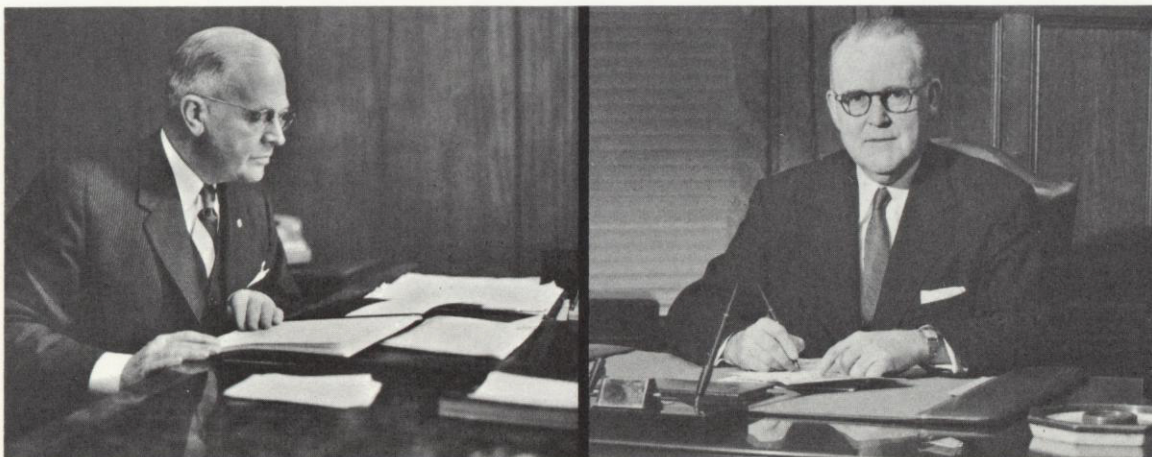
We are resolved to continue to move forward aggressively and constructively. We shall seek every opportunity to expand our usefulness, particularly through the development of new, profitable services and improvements in the manner in which we perform our present functions. Our Bank has a tradition of leadership and this we intend to maintain.



President



Chairman



Board of Directors and Advisory Council

H. M. Bardt
Vice-President and Senior Trust Officer
Bank of America N. T. & S. A.

S. Clark Beise
President
Bank of America N. T. & S. A.

Wheelock H. Bingham
Macy's
New York, New York

W. E. Blauer
L. Lion and Sons Co.
San Jose, California

Marsden S. Blois
Miller & Lux Incorporated
San Francisco, California

Leon Bocqueraz
Merchants National Realty Corp.
San Francisco, California

W. J. Braunschweiger
Executive Vice-President
Bank of America N. T. & S. A.

K. L. Carver
Arden Farms Company
Los Angeles, California

Joseph A. Cereghino
National Labeling Machine Co., Inc.
Los Angeles, California

Austin T. Cushman
Sears, Roebuck & Co.
Los Angeles, California

Robert Di Giorgio
Di Giorgio Fruit Corp.
San Francisco, California

R. P. A. Everard
Kentfield, California

Louis Ferrari
Ferrari and Ferrari
San Francisco, California

F. A. Ferroggiaro
Director, Kaiser Industries Inc.
Oakland, California

Alfred J. Gock
Director, Fruehauf Trailer Co.
Los Angeles, California

Marshal Hale, Jr.
Hale Bros. Realty Co.
San Francisco, California

Prentis C. Hale
Broadway-Hale Stores, Inc.
San Francisco, California

C. N. Hawkins
Rancher
Hollister, California

Mrs. Claire Giannini Hoffman
San Mateo, California

Robert E. Hunter
Property Management
Santa Barbara, California

Eric A. Johnston
Motion Picture Association of America, Inc.
Washington, D. C.

Harry A. Mazzer
Mazzer, Snyder & De Martini
Stockton, California

Lloyd Mazzer
Executive Vice-President
Bank of America N. T. & S. A.

Garret McEnerney II
McEnerney & Jacobs
San Francisco, California

Wm. Wallace Mein
Calaveras Cement Co.
San Francisco, California

Chas. M. Paganini
Security Lithograph Co.
San Francisco, California

Neil Petree
Barker Bros. Corporation
Los Angeles, California

Louis A. Petri
United Vintners Inc.
San Francisco, California

Roland Pierotti
Assistant to the President
Bank of America N. T. & S. A.

Chas. H. Quinn
Electrical Products Corp.
Los Angeles, California

J. H. Rosenberg
Lehman Brothers (New York City)
Los Angeles, California

A. E. Sbarboro
Pacific National Fire Insurance Co.
San Francisco, California

Russell G. Smith
Executive Vice-President
Bank of America N. T. & S. A.

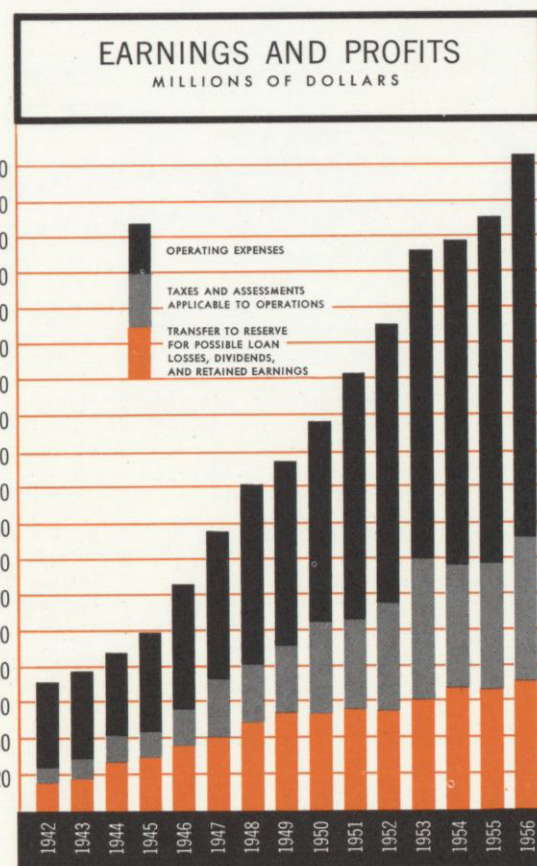
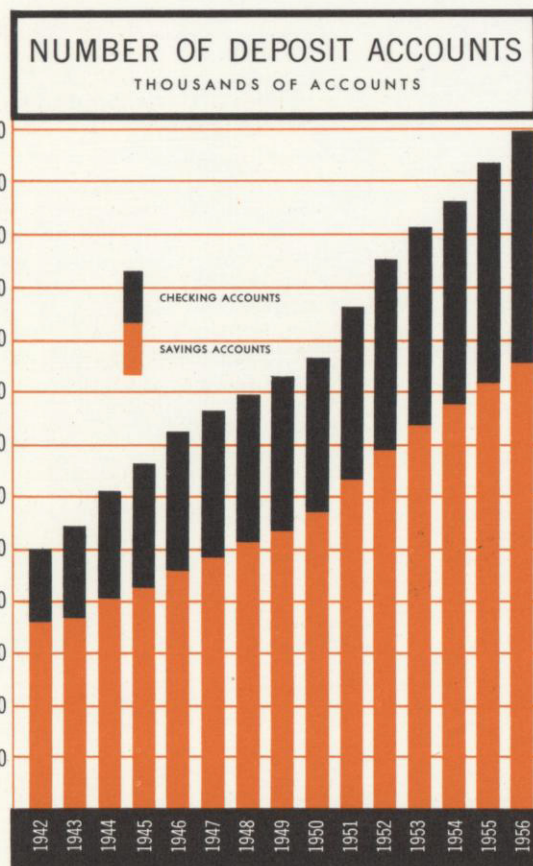
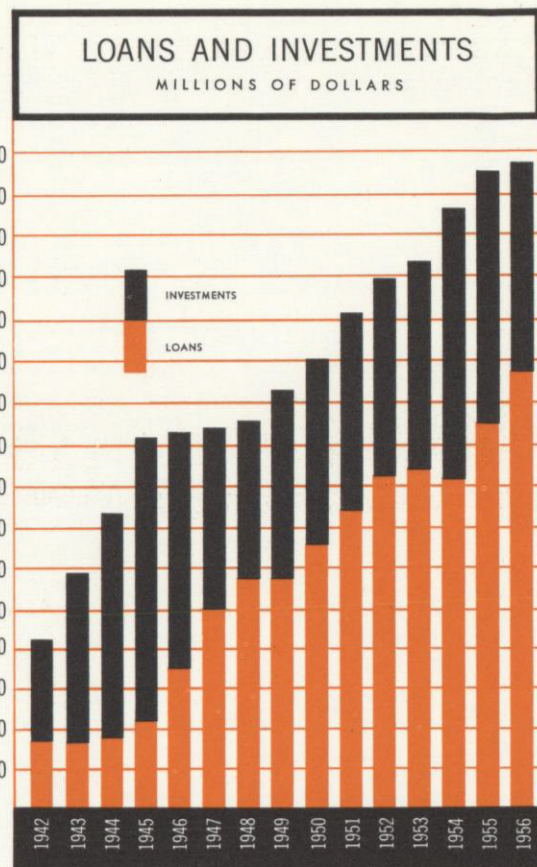
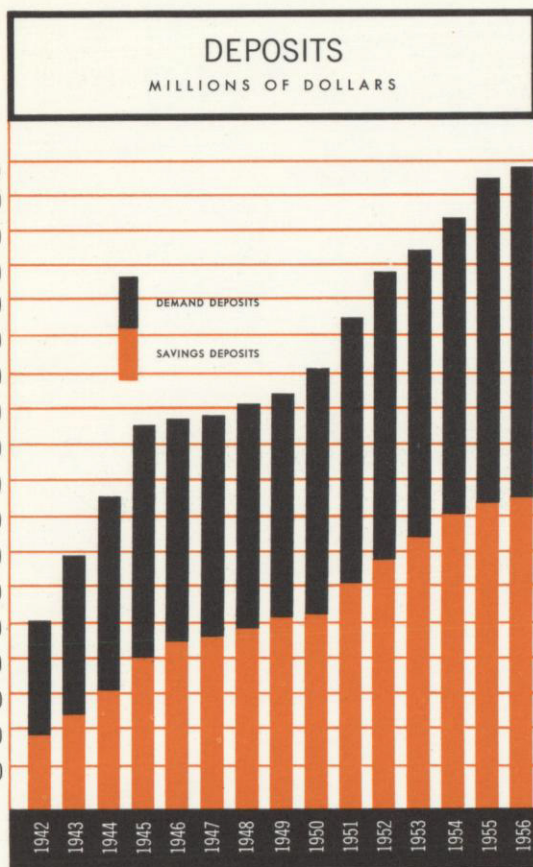
Samuel B. Stewart
Vice-President and General Counsel
Bank of America N. T. & S. A.

Jesse W. Tapp
Chairman of the Board
Bank of America N. T. & S. A.

Edward R. Thurber
Rancher
Vacaville, California

Roland Tognazzini
Rosenberg Bros.
San Francisco, California

Carl F. Wente
San Francisco, California



52 Years of Growth of Bank of America N.T. & S.A.

Dec. 31	Total Deposits	Capital	Surplus and Undivided Profits	Loans and Discounts	Investments in Securities	Total Resources	Number of Deposit Accounts	Number of Banking Offices in California
1904	\$ 134,413	\$ 150,000	\$ 1,024	\$ 178,400	\$ 34,446	\$ 285,437	①	1
1905	703,024	300,000	10,000	883,522	24,505	1,021,291	①	1
1906	1,348,723	500,000	31,565	1,471,123	81,571	1,899,947	①	1
1907	1,660,324	500,000	46,945	1,678,222	①	2,221,347	①	2
1908	1,728,899	750,000	78,673	1,669,567	57,884	2,574,005	①	2
1909	2,929,495	750,000	90,820	2,445,137	266,628	3,817,218	①	3
1910	5,348,151	1,000,000	150,000	4,159,459	858,547	6,539,861	①	3
1911	7,129,456	1,000,000	201,649	4,885,974	1,638,000	8,379,347	①	3
1912	9,916,018	1,000,000	251,437	7,092,823	1,846,769	11,228,815	①	4
1913	14,226,242	1,250,000	330,390	10,282,785	2,406,706	15,882,912	42,378	7
1914	16,272,563	1,250,000	350,217	11,457,790	2,677,718	18,030,402	50,253	7
1915	20,474,873	1,250,000	374,244	12,970,068	5,084,363	22,321,861	58,854	7
1916	36,804,776	2,000,000	691,452	23,682,894	7,527,408	39,805,995	90,683	12
1917	72,044,729	3,000,000	1,100,000	47,004,189	13,308,177	77,473,153	141,298	19
1918	85,937,839	5,000,000	2,000,000	59,869,035	14,538,649	93,546,162	161,626	24
1919	127,258,626	6,000,000	2,500,000	74,737,335	33,855,881	137,900,700	189,511	24
1920	140,993,545	9,000,000	3,913,240	95,127,616	37,199,447	157,464,685	221,788	24
1921	177,867,611	10,000,000	5,036,948	116,911,735	43,499,682	194,179,450	291,994	41
1922	229,751,526	15,000,000	7,529,844	152,989,286	59,090,529	254,282,290	401,798	61
1923	276,548,879	15,000,000	8,616,832	200,505,931	56,543,859	301,963,478	485,136	75
1924	328,963,919	17,500,000	10,561,578	204,472,438	96,489,255	358,656,302	548,265	87
1925	389,433,241	17,500,000	13,474,173	228,793,066	121,678,890	422,838,587	595,032	98
1926	416,656,511	20,000,000	16,928,035	255,557,233	129,630,279	460,981,773	616,313	98
1927	645,002,138	37,500,000	25,540,829	403,864,139	238,856,707	765,188,977	1,083,303	289
1928	698,435,841	50,000,000	55,756,632	410,276,641	272,884,061	847,910,539	1,139,076	290
1929	893,892,733	50,000,000	58,251,159	541,617,718	246,538,740	1,055,113,373	1,444,090	292
1930	998,039,477	50,000,000	54,136,374	669,258,341	249,139,543	1,161,895,889	1,625,381	353
1931	749,796,772	50,000,000	54,290,312	548,431,954	237,965,856	925,150,152	1,542,783	346
1932	700,447,811	50,000,000	49,890,774	480,675,374	262,952,550	876,309,347	1,380,550	345
1933	767,817,646	50,000,000	49,591,605	458,693,566	311,084,996	941,001,838	1,357,224	345
1934	978,332,802	50,000,000	47,164,341	461,645,975	477,989,657	1,142,323,319	1,547,604	413
1935	1,155,265,465	50,000,000	50,867,307	451,009,354	622,694,559	1,277,419,381	1,677,558	421
1936	1,298,976,759	50,000,000	55,024,112	532,076,966	625,809,982	1,430,337,201	1,911,035	466
1937	1,357,378,756	50,000,000	59,104,964	630,668,811	553,131,379	1,493,373,095	2,123,057	491
1938	1,437,027,491	50,000,000	64,058,600	673,828,309	557,632,428	1,574,721,670	2,182,298	494
1939	1,482,791,676	50,000,000	66,845,842	711,054,697	604,268,671	1,628,586,278	2,268,843	495
1940	1,632,228,397	62,000,000②	82,278,753	778,295,101	668,676,296	1,817,535,186	2,384,551	495
1941	1,908,383,921	60,800,000②	83,634,808	914,569,553	693,113,910	2,095,635,619	2,538,783	495
1942	2,586,140,699	59,215,920②	83,151,214	840,469,960	1,265,749,444	2,771,689,632	2,512,805	487
1943	3,498,153,210	58,102,920②	87,051,168	810,660,642	2,095,432,722	3,697,912,675	2,743,231	488③
1944	4,350,539,688	68,085,560②	140,779,201	894,436,931	2,740,064,364	4,609,124,133	3,054,803	491③
1945	5,339,307,098	108,085,560②	117,155,495	1,018,741,456	3,533,172,278	5,626,063,927	3,316,494	493③
1946	5,415,849,715	106,646,375	130,235,547	1,722,743,513	2,882,151,377	5,765,525,193	3,619,925	500③
1947	5,467,199,162	106,646,375	150,525,936	2,492,979,739	2,170,721,906	5,845,817,669	3,815,802	508③
1948	5,639,523,419	106,646,375	172,872,255	2,807,070,398	1,945,231,719	6,072,913,872	3,978,403	517③
1949	5,775,110,029	127,975,650	177,868,961	2,804,522,646	2,322,505,622	6,250,402,352	4,120,523	525③
1950	6,191,705,871	150,000,000	244,822,146	3,256,953,558	2,243,415,017	6,863,358,214	4,374,838	526③
1951	6,815,866,795	150,000,000	257,218,390	3,632,685,350	2,439,510,645	7,531,296,927	4,832,147	529③
1952	7,485,116,184	150,000,000	269,076,801	4,069,150,471	2,413,852,775	8,201,689,369	5,276,315	538③
1953	7,744,200,096	150,000,000	286,267,820	4,148,713,734	2,531,605,621	8,501,761,722	5,581,697	543③
1954	8,270,534,751	150,000,000	311,140,888	4,043,312,145	3,271,392,367	9,163,355,289	5,818,851	548③
1955	8,802,506,128	150,000,000	330,080,550	4,727,961,473	2,984,567,789	9,669,145,972	6,191,571 (November 30)	574③
1956	8,993,240,999	160,000,000	397,028,049	5,353,035,991	2,518,301,682	9,991,842,012	6,460,405	603③

① Not available.

② Includes Preferred Stock but does not include Reserve for Increase of Common Capital, which amounted to \$1,200,000 in 1941, \$2,784,080 in 1942, \$3,897,080 in 1943, and \$3,914,440 in 1944. This Reserve was not needed and was transferred to Undivided Profits on June 15, 1945, concurrently with the payment of a 66⅔% stock dividend. During 1946, 400,327 shares of Preferred Stock (\$8,006,540 par value) were converted into 531,710 shares of Common Stock (\$6,646,375 par value), and the difference in par value, \$1,360,165, was credited to Surplus Account. The remaining shares of Preferred Stock, 3,951, were retired by call July 31, 1946.

③ In addition, the bank was operating 31 "Military Facilities" at December 31, 1943; 42 at December 30, 1944; 39 at December 31, 1945; 15 at December 31, 1946; 12 at December 31, 1947 and 1948; 17 at December 31, 1949; 21 at December 30, 1950; 25 at December 31, 1951; 31 at December 31, 1952; 30 at December 31, 1953 and 1954, and 31 at December 31, 1955 and 1956.



PALM - SHAW / FRESNO



SALINAS - VALLEY CENTER / SALINAS



SAN FRANCISCO AIRPORT



SAVIERS - DEMPSEY / OXNARD



WEST COVINA



WEST FULLERTON / FULLERTON

During 1956 the Bank opened 30 new branches, including the 600th branch in San Mateo. Locations of these branches are shown on the map (right). On the cover and above are shown 13 of these new branches which were opened in permanent quarters.

